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Committee on Development

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DRAFT OPINION

of the Committee on Development

for the Committee on Agriculture and Rural Development

on the proposal for a regulation of the European Parliament and of the Council
on the financing, management and monitoring of the common agricultural
policy
(COM(2011)0628 – C7-0341/2011 – 2011/0288(COD))

Rapporteur: Birgit Schnieber-Jastram

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SHORT JUSTIFICATION

From the perspective of development policy, one could suggest an entirely different CAP than that presented in the reform proposals by the Commission. However, a number of well-known incoherencies have been dealt with during past CAP reforms, a trend continued by the current Commission proposals. Farm support has been largely decoupled and the roles of market intervention mechanisms and export refunds have been significantly reduced.

One of the major innovations in the latest reform proposal is the mandatory greening component of direct payments, by supporting environmental measures across the EU, giving priority to climate and environmental policy goals. This will not create a competitive situation with farmers in developing countries. In addition, the mandatory environmental measures will contribute to curbing climate change, which has heavy repercussions on many developing countries. While details may have to be improved, the rapporteur strongly supports the greening component of the Commission proposal.

Despite the positive trends, however, there are still real problems that should be addressed from the viewpoint of development policy. The reformed CAP continues to have external effects which are not sufficiently reflected in the Commission proposals. Therefore, the CAP regulations must be carefully checked in the light of the Treaty obligation to ensure Policy Coherence for Development (PCD) (Article 208 TFEU).

There are no across-the-board-impacts of the CAP on all developing countries, but it has been shown that in concrete cases individual CAP measures can lead to import surges in developing countries which threaten the livelihoods of local farmers and undermine agricultural sector policies adopted by developing countries to enhance their long-term food security. In addition, in the light of a broader understanding of PCD which goes beyond "do no harm", some elements of the "second pillar" could help create synergies and enhance cooperation between farmers in Europe and the developing world.

The rapporteur therefore proposes amendments along the following lines:

- The CAP should be placed in the broader framework of the EU's Policy Coherence for Development and its external impacts should be closely monitored, involving the governments and stakeholders of the partner countries.
- Export subsidies should be totally phased out. In the meantime, export refunds should not be granted if there is a risk of serious harm for local producers in developing countries. In general, safety net measures such as intervention buying can lead to a replacement of adjustment costs for non-EU producers.
- The EU's policy and dependence on protein plant imports has negative environmental and social impacts in exporting developing countries. Promoting the growing of leguminous crops in Europe could also mitigate climate change and could positively contribute to biodiversity and soil fertility.

- As already proposed by the Development Committee in 2011, direct payments should be decoupled from production "so as to create a level playing field between EU and developing countries' agricultural products and stimulate fair trade and sustainable growth".

The rapporteur is aware that these changes alone will not be sufficient to address the global challenge of food security and the concerns of developing countries as regards the functioning of agricultural markets. Other policies, in particular EU trade policy, but also energy policy or food safety policy, crucially affect the developing world but these challenges can not be addressed in the context of this reform proposal.

Another issue which should not be addressed in the context of these regulations is the proposal for a complaints mechanism for developing countries in cases of a violation of the EU's development objectives enshrined in Article 208 TFEU. The rapporteur suggests responding to this challenge in the broader context of development, e.g. the European Parliament's report on Policy Coherence for Development for 2012.

Development policy and policy dialogue have to be used in a targeted manner to enable developing countries to benefit from international agricultural trade and to apply, as the Union does, modern market management instruments. Measures that have a positive effect in one developing country might have adverse effects in another. That is why the rapporteur has tried to take an approach based on principles rather than on the micro-management of markets.

The core challenge for PCD is when interests in developing countries and in Europe conflict. The long-term perspective is that these interests can be aligned and the creation of win-win situations can be facilitated. Thus, the aim of the rapporteur's proposals is not to undermine the CAP's legitimate goals but to make selective adjustments where they are deemed necessary from the perspective of development policy.

AMENDMENTS

The Committee on Development calls on the Committee on Agriculture and Rural Development, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a regulation Recital 1a (new)

Text proposed by the Commission

Amendment

(1a) The reform should ensure that, in accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), objectives of development cooperation, including those approved in

the context of the United Nations and other international organisations, are taken into account by the CAP. Measures taken under this regulation should not jeopardize the food production capacity and long term food security of developing countries, in particular least developed countries (LDCs), and contribute to achieving the Union's commitments on mitigating climate change.

Or. en

Justification

According to Article 208 TFEU, all EU policies which are likely to affect developing countries must take development objectives into account. Facilitating developing countries' agricultural development and enhancing global food security are major objectives of EU development cooperation. The EU's agricultural policy has external effects, influencing in particular agricultural trade. The PCD principle requires that potential repercussions on local agricultural markets and local producers in developing countries be monitored and, wherever possible, avoided.

Amendment 2

Proposal for a regulation Recital 68a (new)

Text proposed by the Commission

Amendment

(68a) In accordance with the principle of policy coherence for development, the implementation of the CAP should be subject to regular monitoring and assessment as regards its impact on food production capacity and long term food security of developing countries, in particular of LDCs.

Or. en

Justification

The recital should reflect the proposed new article on regular impact assessments.

Amendment 3

Proposal for a regulation Article 110a (new)

Text proposed by the Commission

Amendment

Article 110a

Assessment of impacts on developing countries

1. In accordance with Article 208 TFEU, the impact of the CAP on food production capacity and long term food security in developing countries shall be subject to regular and independent assessments, paying special attention to impacts on local and smallholder producers. The assessment shall also build on evidence submitted by governments, farmers' organisations, civil society organisations and other stakeholders in developing countries which are EU trading partners.

2. The Commission shall define, by means of implementing acts, the scope and the procedure for the impact assessment, taking into account relevant international initiatives, in particular by the United Nations Special Rapporteur on the Right to Food and the FAO Committee on Food Security. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 112(3).

3. The Commission shall transmit an annual report to the Council and to the European Parliament about the results of the assessment, the evidence received and the EU's policy response.

Or. en

Justification

The impact of different CAP instruments on agricultural development in developing countries depends on factors such as world market prices, trade regimes, production capacities and policy choices in the partner countries. As acknowledged by the Commission Impact

Assessment of the CAP reform proposals, impacts have to be assessed on a case-by-case basis. Regular assessment is therefore required, which would include mechanisms for receiving evidence from within the partner countries and take into account international developments in this area.